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July 25, 1996

BY HAND DELIVERY

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

Re: CC Docket No. 96-128
Ex Parte Presentation

Dear Mr. Caton:

This letter is to advise you that Nicholas W. Allard and Michael S. Wroblewski on behalf of Peoples Telephone Company, Inc. ("Peoples") met with Blair Levin, Chief of Staff for Chairman Reed Hundt to discuss matters involved in Peoples' comments and reply comments in the above-captioned proceeding. The attached handout was also discussed. Pursuant to Section 1.1206(a)(2) of the Commission's Rules, two copies of this letter have been filed with the Secretary. Please contact the undersigned if there are any questions regarding this matter.

Respectfully submitted,

Michael S. Wroblewski

Michael S. Wroblewski

cc: Blair Levin

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The Compelling Case for Interim Payphone Compensation
CC Docket No. 96-128

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

INTERIM COMPENSATION BENEFITS AND ADVANCES THE PUBLIC INTEREST.

- Promotes financial stability among payphone service providers (PSPs) that ensures the continued deployment of services to the general public in both rural and urban areas.
- Limits PSP incentives for rate gouging and "cream-skimming."
- Promotes clean, well-maintained and user-friendly paystation equipment dedicated for the public use.

PAYPHONE SERVICE PROVIDERS HAVE BEEN WAITING OVER FIVE YEARS FOR 1-800 SUBSCRIBER CALL COMPENSATION.

- Congress enacted the Telephone Operators Consumer Services Improvement Act of 1990 ("TOCSIA"), which mandated the provision of open 1-800 and other code call methodologies.
 - To compensate PSPs for providing open access, the Commission ordered carriers to pay a flat rate of \$6.00/month to PSPs (15 access code calls/month @ \$.40/call).
 - The Commission did not order compensation for 1-800 subscriber calls, for example, 1-800-FLOWERS or 1-800-USA-RAIL.
- In May 1995, the D.C. Court of Appeals reversed the Commission's determination that 1-800 subscriber calls are not compensable and ordered the Commission to adjust its compensation methodology to account for these calls.
- In August 1995, the Commission adopted a *Further Notice* that moved toward implementing an economically efficient per-call compensation mechanism.
- In the June 1996 *Notice* implementing the Telecom Act's mandate to develop a per call compensation mechanism that fairly compensates PSPs for each and every completed intrastate and interstate call, the Commission acknowledged that there is a large and growing number of 1-800 calls that require fair compensation.

MODELING INTERIM COMPENSATION BASED ON EXISTING PAYMENT METHODOLOGIES IS EASY AND ADMINISTERABLE.

- Carriers claim that it will take over one year to develop a per-call tracking system for interstate 1-800 subscriber calls.
 - The Commission should base interim compensation on the current flat-rate per payphone compensation mechanism already in place, adjusted for the increased number of 1-800 subscriber and carrier access code calls.
 - The Commission has already determined that \$.40 per call is an appropriate surrogate and now has updated call volumes on which to base a per payphone flat rate.
- At a minimum, the Commission should issue an immediate accounting order clarifying that carriers will be responsible for compensating PSPs for 1-800 subscriber and the increased volume of access code calls beginning with the release of the June *Notice*.